

Rule 20A

Work Credit Reallocation Webinar

February 28, 2024



Safety: Workplace Eye Wellness Month

from the American Academy of Ophthalmology

Tips to ease eye strain

Sit at arm's length, or 25 inches, from the computer screen.

Every 20 minutes, look 20 feet away for 20 seconds.

Use artificial tears to refresh your eyes when they feel dry.

Learn more at aao.org/eyesmart



- 1** Background

- 2** Overview of Rule 20A Sunset

- 2** Our Approach to Reallocation

- 4** Next Steps

- 5** Feedback

- 6** Q&A



Background



What is Rule 20?

The Rule 20 program is a CPUC tariff that was created in 1967 to aid in the implementation of the underground conversion programs. This program is separate from the PG&E-led undergrounding for wildfire safety in high fire-risk areas as part of our System Hardening and Community Rebuild Programs.

Rule 20A

Requires a city or county resolution, meets public interest criteria listed the [Rule 20A Tariff](#) and is fully funded by PG&E customers

Rule 20B

Requires suitable legislation, **can be used when projects do not qualify for Rule 20A**, and is partially funded by PG&E's customers

Rule 20C

Does not require a city or county legislation and is **fully funded by the applicant** (e.g., property owner, business, or customer)

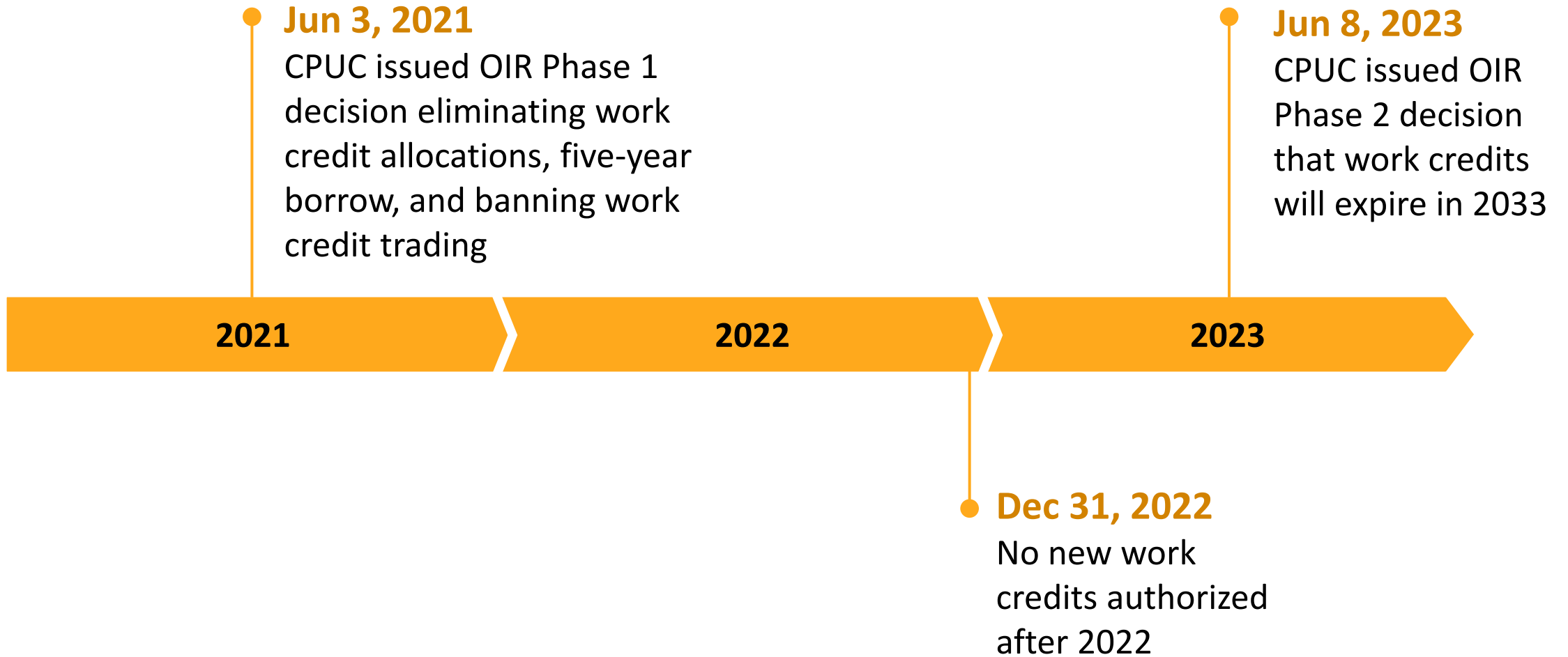
Rule 20A Sunset Key Terms

Priority Communities	Underserved and communities with ESJ projects are considered priority communities based on direction from the CPUC and will be prioritized in PG&E's comprehensive work reallocation plan.	
	Underserved	ESJ
	Communities that have not completed a Rule 20A project since 2004.	Active projects where at least 50% of the mainline trench will be located in an Environmental and Social Justice (ESJ) census tract, as defined by the CPUC.
Active	Communities that have passed a resolution for an active Rule 20A project, completed a Rule 20A project within the last 8 years, <u>or</u> have become incorporated within the last 5 years.	
Inactive	Communities that do not have an active resolution for a Rule 20A project and do not meet other criteria for an active community.	

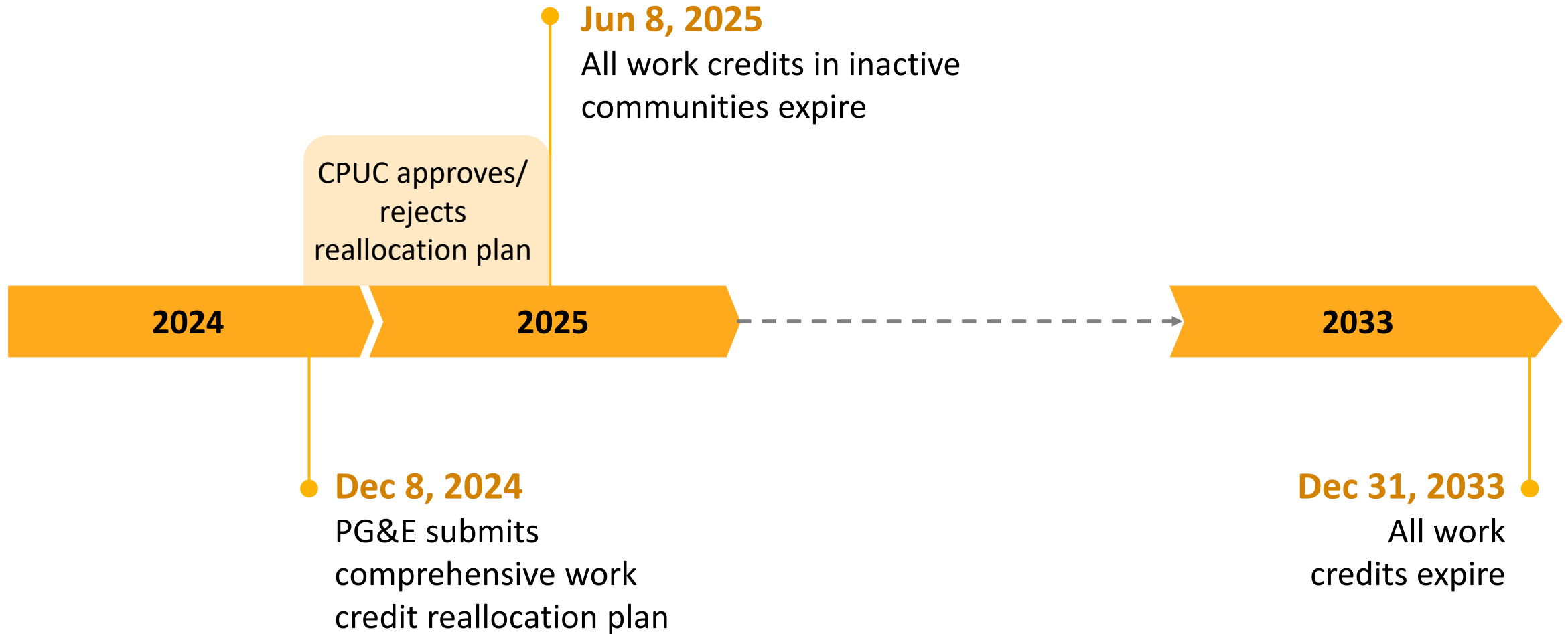
Overview of Rule 20A Sunset



Rule 20A Sunset Timeline – CPUC Decisions



Rule 20A Sunset Timeline – PG&E's Role



Our Approach to Reallocation



The Challenge – Insufficient Work Credits to Complete All Projects



Demand significantly exceeds available work credits.

Pool of available work credits continues to shrink as communities become active by establishing new projects, or donate their work credits to active communities through intra-county transfers.

\$62.2M*

TOTAL AMOUNT OF CREDITS
AVAILABLE FOR REALLOCATION

\$348.6M*

TOTAL AMOUNT OF CREDITS
NEEDED TO COMPLETE ALL
ACTIVE PROJECTS

*Data as of 2/26/24

Reallocation Goals & Approach



Our Goal

Reallocation plan to follow CPUC guidelines, **fund as many projects as possible** and **ensure objective consideration** to all communities.



The first factor we will consider is whether a project is ESJ or in an underserved community, as directed by the CPUC.



We will likely consider how far along a project is in design and construction, and how much funding a project needs for completion.



We may consider establishing a cap to reallocation either by percentage, dollar figure, or both.



We may consider the length of time a community has been waiting for their project.

Next Steps








Confirm, Confirm, Confirm

In making our proposal, we want to keep you informed while ensuring we're informed, too.

We will be reaching out to you throughout the process to confirm information. We welcome your input and any information about your project that may be important for us to know.



Before we submit our proposal, here are the steps we're taking:

-  **Recalculate** current project costs
-  **Incorporate sufficient escalation factors** into future project costs
-  **Confirm with communities** ESJ/underserved status



What this Means for You – Options

If you are in an inactive community

- Establish a project within work credit budget
- Donate credits through intra-county transfer before reallocation plan submission
- Allow credits to expire/be reallocated (June 2025)

If you have an active project without enough credits

- Wait for reallocation (June 2025)
- Intra-county donations
- Reduce the scope of your project
- Fund the gap
- Cancel



If you do not receive enough work credits through reallocation

- Reduce the scope of your project
- Fund the gap
- Cancel



- What are your **initial thoughts**?
- What **other considerations** should we **include** in our approach to reallocation?
- What are your **biggest concerns**?



Q&A



Thank You

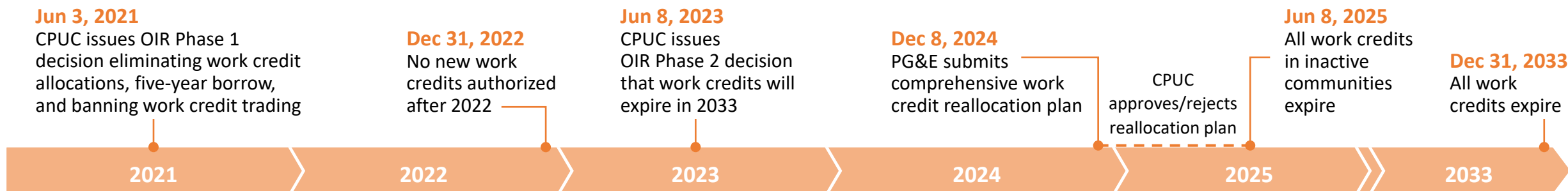


Appendix





Rule 20A Work Credit Expiration Overview



CPUC Phase 1 Decision (2021): Initial Impacts to Work Credits

- Eliminated work credit allocations after 2022.
- Eliminated ability to borrow against future allocations (five-year borrow).
- Banned the buying/selling of work credits from/to other communities.

CPUC Phase 2 Decision (2023): What Comes Next

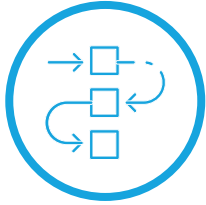
- Inactive communities will have their work credits reallocated to active priority communities through PG&E’s comprehensive reallocation plan once approved by the CPUC in 2025.
- Inactive communities will see any remaining work credits that were not reallocated expire on June 8, 2025.
- Active communities can use work credits up until the point of expiration on December 31, 2033.

KEY TERMS

Active	Communities that have passed a resolution for an active Rule 20A project, completed a Rule 20A project within the last 8 years, <u>or</u> have become incorporated within the last 5 years.
Inactive	Communities that do not have an active resolution for a Rule 20A project and do not meet other criteria for an active community.
Underserved	Communities that have not completed a Rule 20A project since 2004.
ESJ Communities/Projects	Active projects where at least 50 percent of the mainline trench will be located in an Environmental and Social Justice (ESJ) census tract, as defined by the CPUC.

Underserved and ESJ communities/projects are considered **priority communities** based on direction from the CPUC and will be prioritized in PG&E’s comprehensive work reallocation plan.

Rule 20A Project Phases



Initiation & Planning Phase

- Confirm or establish a General Enabling Ordinance
- Develop draft project boundary map
- Inform other utilities (communication, cable, and internet)
- Hold verification walk
- Develop initial rough estimates
- Conduct a public hearing and adopt an ordinance
- Sign Agreements

3 to 12 months



Engineering & Design Phase

- Develop base maps
- Develop service book
- Conduct civil and electrical estimates
- Obtain easements
- Bid and award contract for construction
- Finalize composite and Form B
- Obtain any and all necessary permits

6 to 18 months



Construction Phase

- Pre-construction customer notification letters
- Mobilization of construction resources
- Civil and electric construction
- Obtain all property owner approvals for service conversations
- Electric service lateral and service conversations
- Restoration (construction phase)
- Post-construction customer letter
- Pole removal will be completed after all utilities have vacated the pole

12 to 36 months



Closing Phase

- Reconcile accounts
- Map new facilities
- Deduct work credits

6 to 12 months